

State of California
BOARD OF EQUALIZATION

TRANSACTIONS (SALES) AND USE TAX REGULATIONS

Regulation 1825. AIRCRAFT COMMON CARRIERS.

References: Sections 7261 and 7262, Revenue and Taxation Code.

(a) DEFINITION - "COMMON CARRIERS." As used herein, the term "common carriers" means persons who engage in the business of transporting persons or property for hire or compensation and who offer their services indiscriminately to the public or to some portion of the public.

(b) AIRCRAFT COMMON CARRIERS.

(1) State-administered district transactions (sales) tax does not apply to sales of tangible personal property to operators of aircraft to be used or consumed principally outside the county in which the sale is made if such property is to be used or consumed directly and exclusively in the use of such aircraft as common carriers of persons or property under the laws of this state, the United States, or any foreign government. Tax applies, however, to sales of fuel and petroleum products on and after July 29, 1991.

(2) State-administered district use tax does not apply to the storage, use, or other consumption of tangible personal property purchased by operators of aircraft when such property is used or consumed by such operators directly and exclusively in the use of such aircraft as common carriers of persons or property for hire or compensation under a certificate of public convenience and necessity issued pursuant to the laws of this state, the United States, or any foreign government. Effective July 29, 1991, this exemption is not available for the storage, use, or other consumption of fuel and petroleum products. This exemption is in addition to that provided in sections 6366 and 6366.1 of the Revenue and Taxation Code.

(c) CONDITIONS OF EXEMPTION. The exemption for operators of aircraft common carriers applies only if the property is used directly and exclusively in the exempt activity. This exemption is limited to supplies and equipment (excluding fuel and petroleum products effective July 29, 1991) used or consumed directly in the carriage of persons or property. It does not include office or shop equipment or supplies or any other property not directly used or consumed in the carriage of persons or property.

(d) LEASES. If property is leased to an operator of an aircraft common carrier under a lease which is a continuing purchase, unless otherwise exempted, either the use tax or transactions (sales) tax applies to the gross receipts from the lease during such period of time that the property is in a taxing jurisdiction.

History: Adopted January 6, 1970, effective February 25, 1970.
Amended December 12, 1973, effective January 18, 1974.
Amended September 24, 1974, effective October 26, 1974.
Amended October 22, 1975, effective November 29, 1975.
Amended February 6, 1980, effective March 29, 1980. In (c) added exemption expiration date.
Amended April 16, 1985, effective May 16, 1985. Amended heading to subdivision (c) by changing date to 1986, and added footnote.
Editorial correction effective February 16, 1986. The expiration date of the exemption under subsection (c) was extended from January 1, 1986 to January 1, 1988 by Ch. 838, Statutes of 1985.
Amended March 30, 1988, effective August 25, 1988. Amended subdivisions (b) and (c) and Appendix (b) (2) to remove reference to a specific exemption of sales to operators of waterborne vessels from the transactions (sales) tax which expired on December 31, 1987.
Amended September 30, 1992, effective January 8, 1993. Amended to repeal the exemption from the transactions tax for the sale of use fuel or petroleum products to or by operators of aircraft effective July 29, 1991.
Amended August 24, 2004, effective January 13, 2005. Subdivision (b)(2)- word "Section" changed to "section." Appendix- (a), second sentence- words "county tax" and "county" deleted and phrases "of the Bradley-Burns local taxes," "of the 1.25% local tax ... to 75 percent," "1 percent local," and "(i.e., .75%)" added. (b)- phrase "under Regulation 1825," "district ...from," "local...is," and "and, ...percent" added and phrase "local ... 1825" deleted. (b), first un-numbered paragraph- phrase "(check which is applicable)" added to body and deleted from option (3). (b), third un-numbered paragraph- phrase "exemption from" delete and ":" and phrase "check which

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is applicable)" added to body; (1) phrases " added to body; (1) phrases- "Partial exemption from" and "local ... is .75" and phrase "local tax only" deleted; (2) capital "D" replaced with "Exemption from d"; (3) phrases "exemption from district tax and partial exemption from" and "local tax which: On or before June 30, 2004 is," "percent:75" added and phrases "tax and district tax," and "(check which is applicable)" deleted.

Regulations are issued by the State Board of Equalization to implement, interpret or make specific provisions of the California Sales and Use Tax Law and to aid in the administration and enforcement of that law. If you are in doubt about how the Sales and Use Tax Law applies to your specific activity or transaction, you should write the nearest State Board of Equalization office. Requests for advice regarding a specific activity or transaction should be in writing and should fully describe the facts and circumstances of the activity or transaction.

Appendix

Form of Exemption Certificate for Claiming Exemption Under Regulations 1805 and 1825.

(a) CERTIFICATE NECESSARY TO SUPPORT EXEMPTION. All purchasers of tangible personal property claiming exemption from Bradley-Burns local taxes under the provisions of Regulation 1805 or from both Bradley-Burns local taxes and district transactions (sales) and use taxes under Regulation 1825 should file with the seller an exemption certificate in the form shown below. On and after July 1, 1972, for purposes of the Bradley-Burns local taxes, this exemption is limited to 80 percent of the 1.25 percent local tax (i.e., 1%); and, on and after July 1, 2004, until the rate modifications in subdivision (a) of Revenue and Taxation Code section 7203.1 cease to apply, this exemption is limited to 75 percent of the 1 percent local tax (i.e., .75%).

(b) FORM OF CERTIFICATE.

AIRCRAFT COMMON CARRIER. The following certificate may be used by a purchaser claiming exemption under Regulation 1825 from district transactions (sales) and use taxes, and/or claiming partial exemption under Regulation 1805 from Bradley-Burns local taxes which: On or before June 30, 2004 is 1 percent; and, on and after July 1, 2004, until the rate modifications in subdivision (a) of Revenue and Taxation Code section 7203.1 cease to apply, is .75 percent:

"The purchaser hereby certifies that the purchaser is the operator of aircraft as a common carrier of persons or property and that the property purchased will be used or consumed principally outside the county in which the sale is made and will be used or consumed directly and exclusively in the use of such aircraft as a common carrier of persons or property for hire or compensation under a certificate of public convenience and necessity issued pursuant to the laws of (check which is applicable)

- ☐ (1) the State of California
☐ (2) the United States
☐ (3) _____
(Insert the name of the foreign government)

"The purchaser agrees that if the property is used in some other manner or some other purpose, the purchaser will report and pay the tax measured by the purchase price of the property.

"This certificate is given to claim: (check which is applicable)

- ☐ (1) Partial exemption from Bradley-Burns local tax only which: On or before June 30, 2004 is 1 percent; and, on and after July 1, 2004, until the rate modifications in subdivision (a) of Revenue and Taxation Code section 7203.1 cease to apply, is .75 percent
☐ (2) Exemption from district tax only
☐ (3) Both exemption from district tax and partial exemption from Bradley-Burns local tax which: On or before June 30, 2004 is 1 percent; and, on and after July 1, 2004, until the rate modifications in subdivision (a) of Revenue and Taxation Code section 7203.1 cease to apply, is .75 percent

"Description of property to be purchased _____

Name of Seller _____

Purchaser _____

Address _____

Dated _____ "